

# 2013 Annual General Meeting



24<sup>th</sup> October 2013  
Melbourne

**SKILLED** Group

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**Sales Revenue<sup>1,2</sup> of \$1,873.9 million, down 1.1%**

**Reported NPAT of \$56.2 million, up 13.9%**

**Underlying EBIT<sup>1,3</sup> of \$84.7 million, up 4.9%**

- Operating cash flow (before tax) of \$89.7 million

**Net debt of \$44.8 million; gearing at 8.7%**

**Reported EPS of 24.1 cps up from 21.1cps**

- Underlying EPS of 25.0 cps up from 22.5 cps

**Final dividend of 9.0 cps, fully franked**

- Total dividend of 16.0 cps up from 13.0 cps, fully franked

## **Profit growth in a challenging environment**

- Strong performance in Engineering and Marine Services
- Retained key mining clients across Workforce Services
- Rapid response to the changing environment in mining and related sectors
- EBITDA margin expansion

## **Continuing improvement in safety**

**Delivered a further \$13 million reduction in indirect cost base**

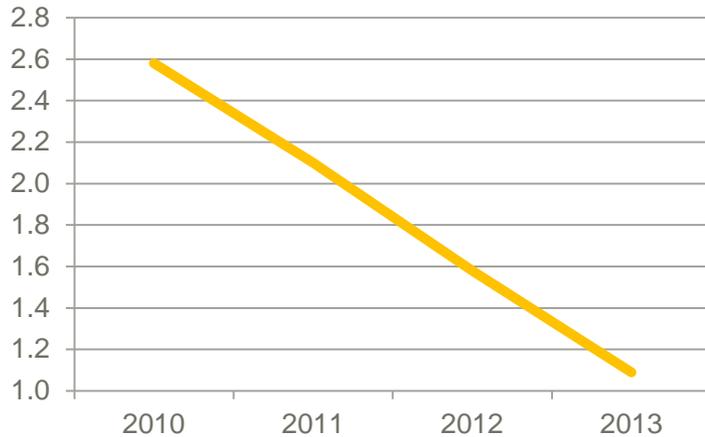
**Disciplined management of cash and debt**

## **Expanded presence in attractive market segments**

- Increased ownership in the OMSA JV to 50%
- Acquired Broadsword Marine Contractors; highly complementary to OMS

**Increased interim and final dividends, fully franked**

LTIFR (per 1,000,000 hours)



## Continued improvement in LTIFR and AIFR<sup>1</sup>

- LTIFR down 31%
- AIFR down 13%

## Launched next phase of “Safety Refresh”

- Building on the Golden Rules and improved disciplines implemented over the last two years
- Supported by increased line accountability and simplified tools
- (e.g. electronic Workplace Risk Assessments)
- Strengthening the safety culture

## Continued reduction in Worker’s Compensation costs as a result of improved safety performance

## Self Insurance renewal audits in SA and NSW successfully completed



	Sales	Underlying EBITDA	Underlying EBITDA margin
<b>Workforce Services</b>	<b>\$918.3m</b> <i>(1.6%)</i>	<b>\$40.8m</b> <i>(11.6%)</i>	<b>4.4%</b> <i>(0.5)</i>
<b>Technical Professionals</b>	<b>\$488.9m</b> <i>(3.6%)</i>	<b>\$26.8m</b> <i>(7.8%)</i>	<b>5.5%</b> <i>(0.2)</i>
<b>Engineering &amp; Marine Services <sup>2</sup></b>	<b>\$468.8m</b> <i>2.7%</i>	<b>\$41.3m</b> <i>13.1%</i>	<b>8.8%</b> <i>0.8</i>
<b>Segment Performance</b>	<b>\$1,876.0m</b>	<b>\$108.9m</b>	<b>5.8%</b>
Unallocated/Eliminations	\$(2.1)m	\$(13.9)m	
<b>Group Performance <sup>1,2</sup></b>	<b>\$1,873.9m</b> <i>(1.1%)</i>	<b>\$95.1m</b> <i>2.2%</i>	<b>5.1%</b> <i>0.2</i>

## Workforce Services

- Lower volume due to weakness in the mining and resources sector and weaker employment growth overall
- Continued margin pressure from customers across most sectors; successful focus on retaining key clients
- Offset partially by reduction in indirect costs

## Technical Professionals

- Revenue and profitability growth in Swan impacted by slowdown in activity in the second half
- Technology Solutions (Damstra) continues to be affected by reduced mining demand on the east coast

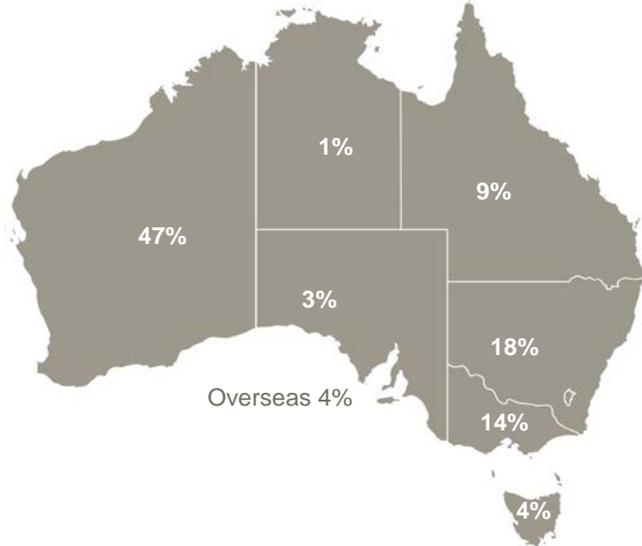
## Engineering & Marine Services

- Strong revenue and profitable growth in ATIVO from new contract wins, especially in mining, and increased activity from existing clients
- Increased manning activity in OMS Australia from existing and new oil & gas clients
- Strong growth in the OMSA JV as activity on the Gorgon project reaches peak levels

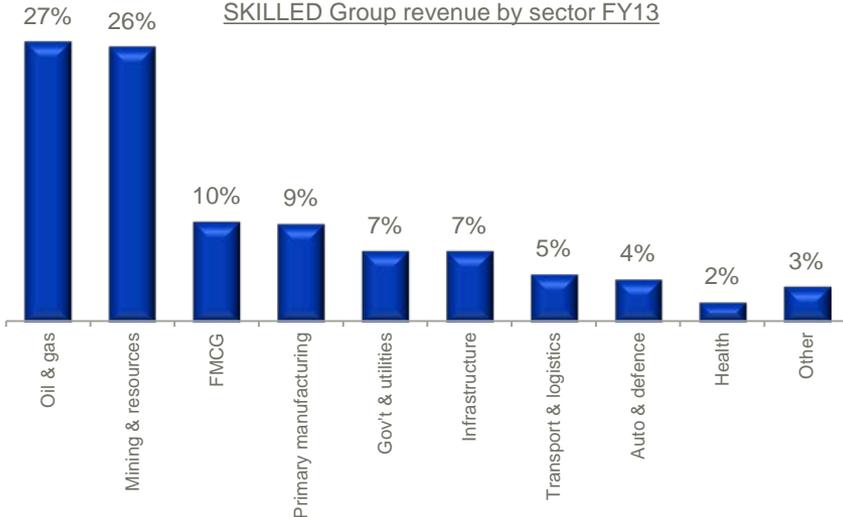
# Strategy and outlook



SKILLED Group revenue by geography FY13



SKILLED Group revenue by sector FY13



## Market leader in the provision of flexible labour solutions

- Tradespeople, experienced operators & technical professionals
- Engineering projects & maintenance
- Offshore marine services

## Strong position in key growth sectors

- Mining & resources; oil and gas; infrastructure; telecommunications

## Safety leadership in the industry

## Industrial relations expertise

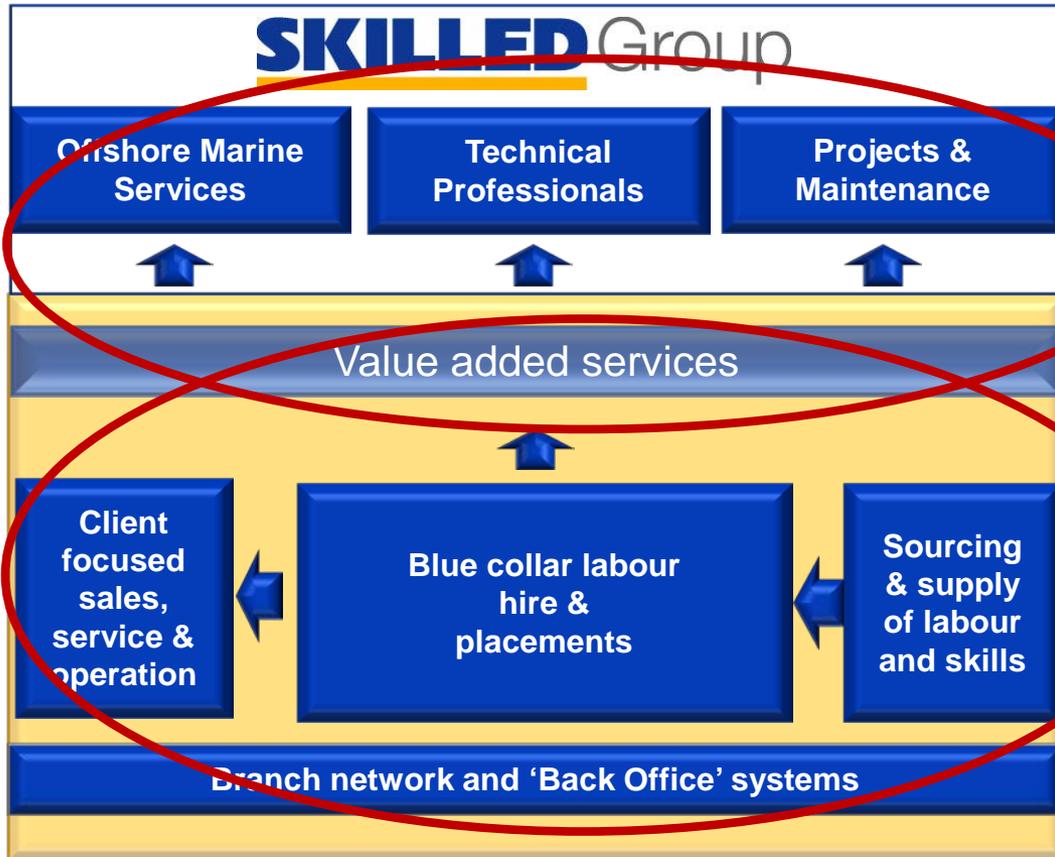
~50,000 people on average employed each year, including:

- ~ 1,000 traineeships and apprenticeships
- ~ 500 Indigenous employees

## Long term client relationships

## Well established and trusted brand

## Extensive branch network across Australia



**Build scale in attractive higher skill, higher margin segments**

(e.g.: Oil & Gas, Maintenance, Telecommunications, Training)

**BROADSWORD  
MARINE  
CONTRACTORS**



**Leverage scale and brand strength in Workforce Services**

- Transformation, cost efficiency, data based decision support
- Focus on safety and higher skill roles

*.....building scale in high margin growth sectors*



## Specialist and highly regarded supplier to the oil and gas sector with blue chip clients

- Established presence in WA, NT and QLD
- Exposure to full life cycle from construction to operations and maintenance

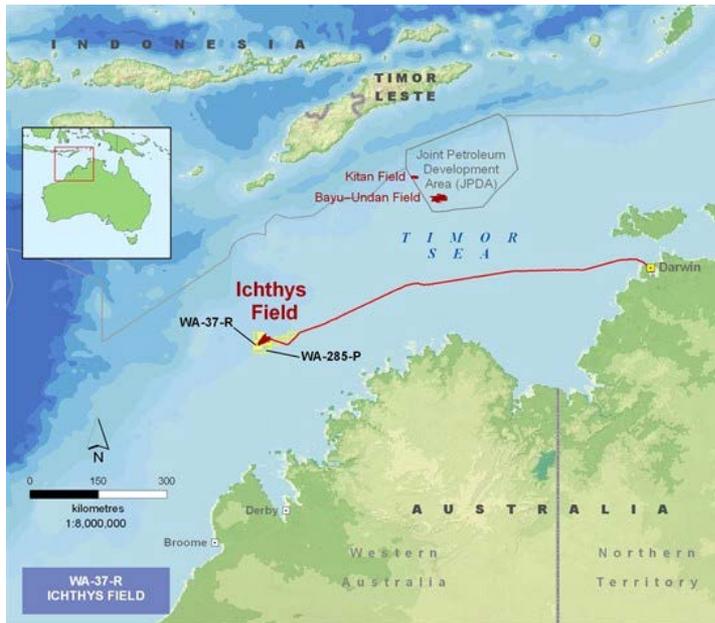
## Positioned for further growth in marine services sector

- Significant demand for inshore and offshore, shallow water vessels to support LNG projects
- Complements OMS and OMSA JV

## Integration into OMS progressing to plan

## Expected FY14 EBITDA ~\$16 - \$17 million with strong growth potential over subsequent years

- Activity weighted to 2H FY14 given growth profile and new vessel expected to join fleet January 2014
- Trading in line with expectations through Q1



**SKILLED Offshore awarded a significant contract with Saipem to provide manning services for the Gas Export Pipeline component of the INPEX-operated Ichthys LNG Project**

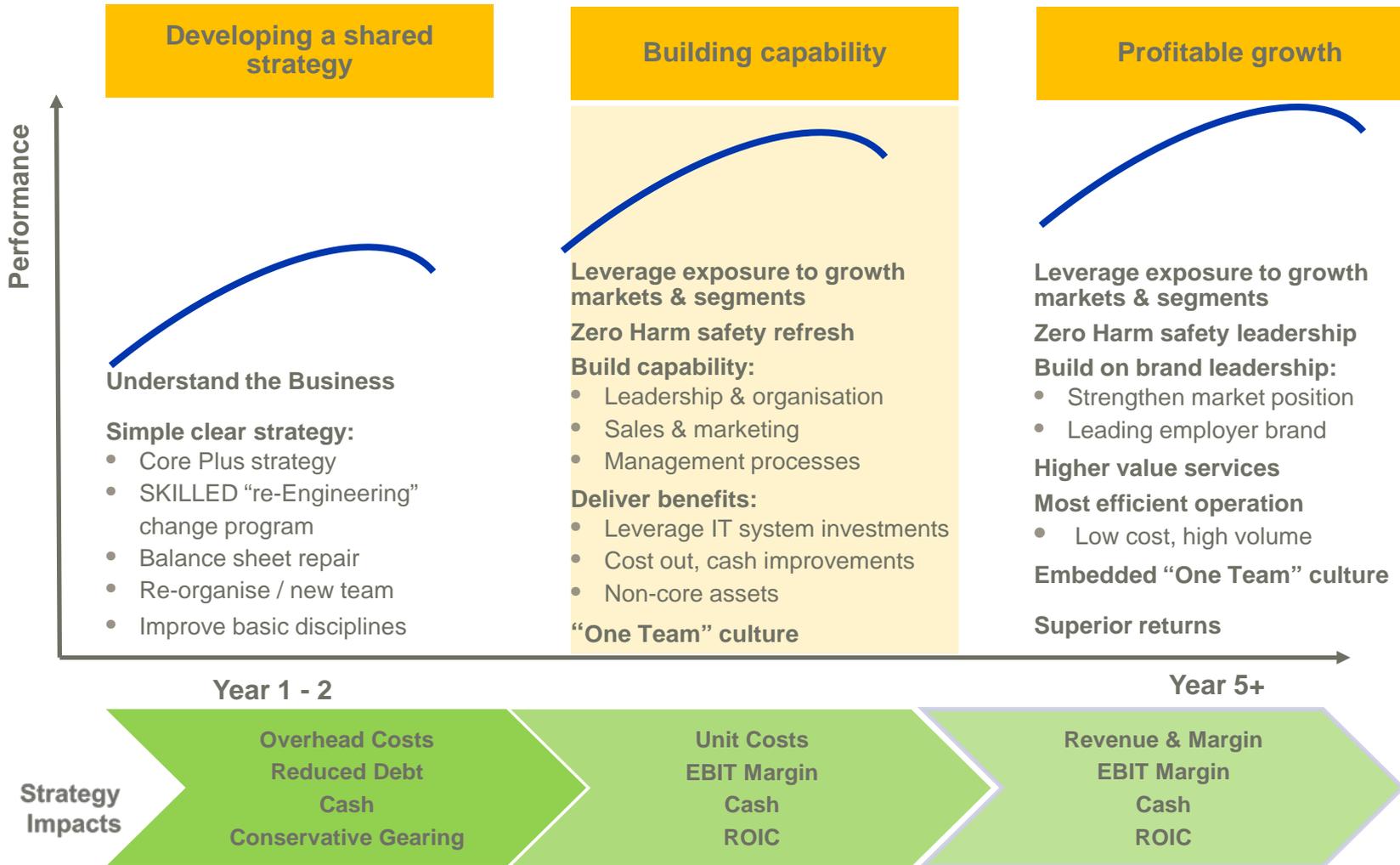
- This project will construct an 889 kilometre pipeline connecting the offshore central processing facility to the onshore processing facility in Darwin.

**Provision of qualified construction & marine crews for the Gas Export Pipeline component of the INPEX-operated Ichthys LNG Project**

**Total contract value is approximately \$A200m**

**Potential further provision for the supply of technical professional roles**

**Will begin 2H FY14 with expected completion by end FY15**



## **Simplification and transformation projects progressing well**

- Further **centralised delivery of services** into Managed Recruitment Services
- Delivery of benefits from simplification and standardisation of processes, e.g.: electronic onboarding and Workplace Risk Assessments
- Continued investment in automation of manual processes expected over the next 2 to 3 years
- Next stage is an upgrade of the core ERP system over the next 12 months (<\$5 million capex)

## **Further reduction in the indirect cost base**

- ~\$ 13 million indirect cost reduction in FY13 (with approx. \$2.5 million in restructuring costs)
- Further reduction expected in FY14 through realignment of WFS and Shared Services structures (largely implemented in Q1), benefits from process efficiencies already implemented and further simplification of processes and organisation
- Reduction in ~ 100 roles implemented in Q1 FY14 across WFS and Shared Services, will deliver full benefits in 2H

## **One Team - continued co-location and integration**

- Further co-locations of offices underway
- Integration of Broadsword Marine in progress

**As expected trading conditions remain challenging in 1H FY14, with subdued activity levels versus both pcg and 2H FY13:**

- **Overall trading in line with internal budgets in Q1**
- **Workforce Services:** continued price pressure in the mining sector impacting margins; overall activity levels appear to have stabilised , with increased activity expected in telecommunications and infrastructure sectors
- **Technical Professionals:** reduced activity in mining and related engineering services, primarily in Swan and Damstra (both cycling a peak period in 1H FY13); partially offset by activity in telecommunications and training
- **Engineering & Marine Services:** some deferral of client activity; however growth expected from increased activity levels in oil & gas and maintenance services weighted towards 2H
  - OMS and Broadsword well positioned for the next phase of oil & gas growth as OMSA activity on the construction phase of the Gorgon project begins to reduce from peak levels
  - Saipem contract commences in 2H
  - Some risk of industrial relations impact in OMS as industry agreements are negotiated with unions

**Transformation and cost reduction program expected to deliver at least a further \$10 million in FY14 from initiatives already underway, with a higher proportion of savings to be delivered in 2H**

**Overall activity pipeline, Broadsword, Saipem and cost out means profitability weighted to the 2H**

**Well positioned to maintain a strong balance sheet to support dividends and invest for future growth**



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